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INDUSTRIAL MANAGEMENT

BABCOCK, GEORGE D. *The Taylor System in Franklin Management*. Pp. xx, 245. Price, \$3.00. New York: The Engineering Magazine Company, 1917.

This is a book for the "man from Missouri"; it shows what may be done with the Taylor principles of management, by setting forth what was accomplished in one concrete instance. There are a great many business men who, having heard about scientific management, are wondering if it is practicable and just how they would go about installing it in their works. Mr. Babcock answers these questions. He tells the painstaking investigation made by the Franklin Company before it undertook to apply the new ideas in their own management. When the company was thoroughly convinced that Taylor's principles were workable, then changes in the existing organization were made gradually. First, the methods of receiving, storing and accounting for stores were overhauled; second, product tools and methods were classified and standardized; third, new systems of control were installed; fourth, time studies and wage adjustments were made, and last, new machines and equipment were put in place. Two features in this recital stand out, one the ingenious control boards invented by Mr. Babcock, and the other a method of payment whereby wages were brought into accord with the workers' reduction of fixed charges.

Mr. Babcock claims that the Taylor system has reduced Franklin costs, increased wages, and turned out a better product for a lower selling price. The book has two appendices that give in detail the Franklin wage system and examples of the results of the application of scientific management. The volume should prove invaluable to any "doubting Thomas" hesitating over the adoption of the Taylor system of management.

MALCOLM KEIR.

University of Pennsylvania.

ECONOMICS

LAUGHLIN, J. LAURENCE. *Credit of the Nations*. Pp. xii, 406. Price, \$3.50. New York: Charles Scribner's Sons, 1918.

There is a possibility that many readers may be misled by the title of Professor Laughlin's volume, thinking it a discussion of governmental rather than of private and banking credit. Governmental fiscal problems are given some attention, but the leading emphasis is placed on individual, bank and corporate financing. As a survey of these subjects it is comprehensive and stimulating.

After two introductory chapters, credit operations in England, France, Germany and the United States are treated in order. The first chapter surveys most admirably the economic situation from 1880 to the present, indicating the rapid progress in all lines of industrial, commercial and financial life and their bearing on the war. This is followed by a discussion of war and credit in which the author presents his general theory of credit, whose main features are familiar to his former students and to others who have become familiar with his views through his writings. Their significance in the present crisis is pointed out with particular emphasis on the disasters accompanying inflation.

Professor Laughlin has great confidence in the ability of the English to carry their colossal war burden and believes that experience has shown the strength of the British credit system, particularly as contrasted with the German. One of his chief criticisms is directed against the issue of the government currency notes when an amendment of the Bank Act, allowing the issue of 1 pound and 10 shilling bank notes, would have met the need. On the whole the reader feels that while the author's confidence in the English financial structure is warranted, he has perhaps been too extreme in some of his conclusions. An illustration of this is his insistence (*e. g.*, pp. 105, 119 and 131) that there is no depreciation of the currency notes in terms of gold. A failure to have this evidenced in actual transactions does not seem to prove its non-existence, while the author's view is so much at variance with that of some other writers (*e. g.*, Professor Shield Nicholson in "War Finance") as to indicate the need for further elaboration.

It is very properly indicated that the grave weakness in France is the confusion of fiscal and monetary functions which has worked itself out through the Bank of France. To an unfortunate degree the French government has relied on the Bank for funds with the result that a large volume of demand notes has been put in circulation, the assets against them being "Advances to the government." The analysis of German conditions is the clearest and most convincing that has come to the reviewer's notice. The general conclusions seem in a few instances rather sweeping, but the key note is struck near the end of the chapter where it is pointed out that financial "comparisons for the purpose of estimating the duration of the war are mechanical. . . . All depends on the spirit to sacrifice."

In the final chapter dealing with credit in the United States, most of the space is devoted to a review of the facts. Emphasis is placed on the importance of the federal reserve system as a part of our financial machinery and on the possibility of saving and the significance of what has already occurred. Here again it is hard to agree in full. There seems to be considerable ground for fearing that as yet American savings have not increased as they should and must, but that much of the apparent increase has been secured at the sacrifice of maintenance and depreciation. Also the statement (p. 352) that the volume of federal reserve notes "can create no concern" will bring an emphatic dissent from many students.

E. M. PATTERSON.

University of Pennsylvania.

WITHERS, HARTLEY. *Our Money and the State*. Pp. x, 119. Price, \$1.25. New York: E. P. Dutton and Company, 1917.

A popular, simple presentation of problems of public finance in which the author contends that the burdens of the war must be met in the present. He advocates heavily graduated taxes, drawing a distinction between earned and unearned income,—that is, between service and property income. He expresses a hope and thinks it possible that a further distinction can be drawn between property accumulated during one's lifetime and property inherited, this distinction to be of considerable weight in imposing taxes.

C. H. C.